

Prof XU Hongcai on the EU-China trade relations

Interviewed by Deutsche Welle

What might be behind the duties being imposed by China on imports of steel tubes? Could this be a retaliation for previous tariffs imposed by the EU?

Prof. Xu Hongcai: Recently, China has imposed anti-dumping duties on the seamless steel tubes imported from the EU. Some people think it is a retaliation for previous tariffs imposed by the EU. But, I am inclined to agree it is reasonable because among the 20,000 tons seamless steel tubes China imported every month, about 50% of them are from the EU and the price is a lot of lower than that of China-produced.

Could the ongoing path of disputes over a range of different products eventually lead to a trade war between the EU and China?

Prof. Xu Hongcai: I hope the trade war will never happen between any countries. However, as a result of the financial crisis and the following European sovereign debt crisis, the trade growth of most of the countries has shrunk sharply. Yet, a number of countries still hope to boost their economic growth by expanding international trade. Consequently, they have implemented easing monetary policy to depreciate their currencies and adopted protectionism to increase the competitiveness of their products in the international market.

Nonetheless, China is willing to develop a lasting and sustainable trade relationship with all nations, regardless of their economic development, so long as the relationship is built on mutual respect and equality. Furthermore, China hopes to expand imports in the future to support its sustainable economic development and increase bilateral investment with other country to realize the win-win and contribute to global economic recovery.

It seems increasingly difficult for the EU Trade Commissioner to rally support

from EU member states to impose trade penalties on Chinese products. Are the Europeans becoming increasingly unwilling to step up against the growing Chinese influence because of fear of angering Beijing?

Prof. Xu Hongcai: I doubt that. In my view, China's rise is no threat to any other nations at all. On the opposite, a prosperous China surely will enable it to play a more positive role in the world stage and bear more responsibilities in terms of making the world better. The government of every country is supposed to make decisions for the best interest of its people, the EU member states are no exception. The EU members are reluctant to step up in the disputes between the EU and China. I believe that they can make independent decision.

How are the Chinese finding ways to pressurize single European states to oppose the tariffs proposed by the EU trade Commission?

Prof. Xu Hongcai: I think the word *pressurize* could be somewhat inappropriate and misleading. Whenever a tariff is imposed on China by any countries, regardless the US or the EU, or a trade dispute occurs, the first thing China would do is to undertake an in-depth investigation to find out the reasons behind the conflict. Then, it will negotiate with parties involved in the disputes in order to find the best solution. If the dispute still cannot be resolved after all the efforts, China will take the case to the WTO and could take necessary actions.

Could the EU decision to ask the WTO to rule on the dispute over anti-Chinese dumping duties backfire?

Prof. Xu Hongcai: Well, the EU certainly has the right to ask the WTO to rule on this case. This is also one of the reasons why we all need the WTO. I believe the WTO would come up with a justified solution for this case.

(Prof. Xu Hongcai: Director of Information Department at China Center for International Economic Exchanges)